S. 98

To amend the Elementary and Secondary Education Act of 1965 to promote parental involvement and parental empowerment in public education through greater competition and choice, and for other purposes.

IN THE SENATE OF THE UNITED STATES

January 22, 2001

Mr. Carper introduced the following bill; which was read twice and referred to the Committee on Health, Education, Labor, and Pensions

A BILL

To amend the Elementary and Secondary Education Act of 1965 to promote parental involvement and parental empowerment in public education through greater competition and choice, and for other purposes.

- 1 Be it enacted by the Senate and House of Representa-
- 2 tives of the United States of America in Congress assembled,
- 3 SECTION 1. SHORT TITLE.
- 4 This Act may be cited as the "Empowering Parents
- 5 Act of 2001".

TITLE I—PUBLIC SCHOOL 1 **CHOICE** 2 3 SEC. 101. SHORT TITLE OF TITLE. This title may be referred to as the "Enhancing Pub-4 5 lic Education Through Choice Act". SEC. 102. FINDINGS. 6 7 Congress finds that— 8 (1) research shows that parental involvement in 9 a child's education is a key factor supporting stu-10 dent achievement; 11 (2) parents are the most important enforcers of 12 accountability in public education; 13 (3) whenever a child is left trapped in a failing 14 school, the Nation has failed to fulfill the promise of 15 equal opportunity for all; 16 (4) high quality public school choice programs 17 that are genuinely open and accessible to all stu-18 dents (including poor, minority, limited English pro-19 ficient, and disabled students) broaden educational 20 opportunities and promote excellence in education; 21 (5) public school systems have begun to develop 22 a variety of innovative programs that offer expanded 23 choices to parents and students; and

(6) the Federal Government should support and

expand efforts to give parents and students the high

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quality public school choices the parents and students seek, to help eliminate barriers to effective public school choice, and to disseminate the lessons learned from high quality choice programs so that all public schools can benefit from the efforts.

6 SEC. 103. PURPOSES.

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- The purposes of this title are—
- (1) to prevent children from being consigned to,
 or left trapped in, failing schools;
 - (2) to ensure that parents of children in failing public schools have the choice to send their children to higher performing public schools, including public charter schools;
 - (3) to support and stimulate improved public school performance through increased public school competition and increased Federal financial assistance;
 - (4) to provide parents with more choices among public school options; and
 - (5) to assist local educational agencies with lowperforming schools to implement districtwide public school choice programs or enter into partnerships with other local educational agencies to offer students interdistrict or statewide public school choice programs.

1 SEC. 104. PUBLIC SCHOOL CHOICE PROGRAMS.

- 2 Title X of the Elementary and Secondary Education
- 3 Act of 1965 (20 U.S.C. 10101 et seq.) is amended by add-
- 4 ing at the end the following:

5 "PART L—PUBLIC SCHOOL CHOICE PROGRAMS

6 "SEC. 10995A. DEFINITIONS.

7 "In this part:

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8 "(1) Lowest Performing School.—The term 9 'lowest performing school' means a public school 10 that has failed to make adequate yearly progress, as

described in section 1111, for 2 or more years.

- "(2) POVERTY LINE.—The term 'poverty line'
 means the income official poverty line (as defined by
 the Office of Management and Budget, and revised
 annually in accordance with section 673(2) of the
 Community Services Block Grant Act (42 U.S.C.
- 17 9902(2))) applicable to a family of the size involved, 18 for the most recent fiscal year for which satisfactory
- for the most recent fiscal year for which satisfactory
- data are available.
- 20 "(3) Public Charter school.—The term
 21 'public charter school' has the meaning given the
 22 term in section 10996A.
- 23 "(4) Public school.—The term 'public school' means a public charter school, a public elementary school, and a public secondary school.

1	"(5) Student in Poverty.—The term 'stu-
2	dent in poverty' means a student from a family with
3	an income below the poverty line.
4	"SEC. 10995B. GRANTS.
5	"The Secretary shall make grants, on a competitive
6	basis, to State educational agencies and local educational
7	agencies, to enable the agencies, including the agencies
8	serving the lowest performing schools, to implement pro-
9	grams of universal public school choice.
10	"SEC. 10995C. USE OF FUNDS.
11	"(a) In General.—An agency that receives a grant
12	under this part shall use the funds made available through
13	the grant to pay for the expenses of implementing a public
14	school choice program, including—
15	"(1) the expenses of providing transportation
16	services or the cost of transportation to eligible chil-
17	dren, except that not more than 10 percent of the
18	funds may be used for expenses described in this
19	paragraph;
20	"(2) the cost of making tuition transfer pay-
21	ments to public schools to which students transfer
22	under the program;
23	"(3) the cost of school construction if the con-
24	struction is necessary to accommodate requests to
25	transfer to high-demand public schools;

1	"(4) the cost of carrying out public education
2	campaigns to inform students and parents about the
3	program;
4	"(5) administrative costs; and
5	"(6) other costs reasonably necessary to imple-
6	ment the program.
7	"(b) Supplement, Not Supplant.—Funds made
8	available under this part shall supplement, and not sup-
9	plant, State and local public funds expended to provide
10	public school choice programs for eligible individuals.
11	"SEC. 10995D. REQUIREMENTS.
12	"(a) Inclusion in Program.—In carrying out a
13	public school choice program under this part, a State edu-
14	cational agency or local educational agency shall—
15	"(1) allow all students attending public schools
16	within the State or school district involved to attend
17	the public school of their choice within the State or
18	school district, respectively;
19	"(2) provide all eligible students in all grade
20	levels equal access to the program;
21	"(3) include in the program public charter
22	schools and any other public school in the State or
23	school district, respectively; and
24	"(4) develop the program with the involvement
25	of parents and others in the community to be served,

- and individuals who will carry out the program, in-
- 2 cluding administrators, teachers, principals, and
- 3 other staff.
- 4 "(b) Notice.—In carrying out a public school choice
- 5 program under this part, a State educational agency or
- 6 local educational agency shall give parents of eligible stu-
- 7 dents prompt notice of the existence of the program and
- 8 the program's availability to such parents, and a clear ex-
- 9 planation of how the program will operate.
- 10 "(c) Transportation.—In carrying out a public
- 11 school choice program under this part, a State educational
- 12 agency or local educational agency shall provide eligible
- 13 students with transportation services or the cost of trans-
- 14 portation to and from the public schools, including public
- 15 charter schools, that the students choose to attend under
- 16 this program.
- 17 "(d) Nondiscrimination.—Notwithstanding sub-
- 18 section (a)(3), no public school may discriminate on the
- 19 basis of race, color, religion, sex, national origin, sexual
- 20 orientation, or disability in providing programs and activi-
- 21 ties under this part.
- 22 "(e) Parallel Accountability.—Each State edu-
- 23 cational agency or local educational agency receiving a
- 24 grant under this part for a program through which a pub-
- 25 lie charter school receives assistance shall hold the school

1	accountable for adequate yearly progress in improving stu-
2	dent performance as described in title I and as established
3	in the school's charter, including the use of the standards
4	and assessments established under title I.
5	"SEC. 10995E. APPLICATIONS.
6	"(a) In General.—To be eligible to receive a grant
7	under this part, a State educational agency or local edu-
8	cational agency shall submit an application to the Sec-
9	retary at such time, in such manner, and containing such
10	information as the Secretary may require.
11	"(b) Contents.—Each application for a grant under
12	this part shall include—
13	"(1) a description of the program for which the
14	agency seeks funds and the goals for such program;
15	"(2) a description of how the program will be
16	coordinated with, and will complement and enhance
17	other related Federal and non-Federal projects;
18	"(3) if the program is carried out by a partner-
19	ship, the name of each partner and a description of
20	the partner's responsibilities;
21	"(4) a description of the policies and procedures
22	the agency will use to ensure—
23	"(A) accountability for results, including
24	goals and performance indicators; and

1	"(B) that the program is open and acces-
2	sible to, and will promote high academic stand-
3	ards for, all students; and
4	"(5) such other information as the Secretary
5	may require.
6	"SEC. 10995F. PRIORITIES.
7	"In making grants under this part, the Secretary
8	shall give priority to—
9	"(1) first, those State educational agencies and
10	local educational agencies serving the lowest per-
11	forming schools;
12	"(2) second, those State educational agencies
13	and local educational agencies serving the highest
14	percentage of students in poverty; and
15	"(3) third, those State educational agencies or
16	local educational agencies forming a partnership
17	that seeks to implement an interdistrict approach to
18	carrying out a public school choice program.
19	"SEC. 10995G. EVALUATIONS, TECHNICAL ASSISTANCE, AND
20	DISSEMINATION.
21	"(a) In General.—From the amount made avail-
22	able to carry out this part for any fiscal year, the Sec-
23	retary may reserve not more than 5 percent to carry out
24	evaluations, to provide technical assistance, and to dis-
25	seminate information.

1	"(b) Evaluations.—In carrying out evaluations
2	under subsection (a), the Secretary may use the amount
3	reserved under subsection (a) to carry out 1 or more eval-
4	uations of State and local programs assisted under this
5	part, which shall, at a minimum, address—
6	"(1) how, and the extent to which, the pro-
7	grams promote educational equity and excellence
8	and
9	"(2) the extent to which public schools carrying
10	out the programs are—
11	"(A) held accountable to the public;
12	"(B) effective in improving public edu-
13	cation; and
14	"(C) open and accessible to all students.
15	"SEC. 10995H. AUTHORIZATION OF APPROPRIATIONS.
16	"There is authorized to be appropriated to carry out
17	this part \$200,000,000 for fiscal year 2002 and each sub-
18	sequent fiscal year.".
19	TITLE II—PUBLIC CHARTER
20	SCHOOL FACILITIES FINANCING
21	SEC. 201. SHORT TITLE OF TITLE.
22	This title may be cited as the "Public Charter Schools
23	Equity Act''.
24	SEC. 202. FINDINGS.
25	Concress finds that—

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- (1) charter schools are public schools authorized by a designated public body and operating on the principles of parental involvement, accountability, flexibility, and choice;
 - (2) in exchange for the flexibility and autonomy given to charter schools, the schools are held accountable by their sponsors for improving student achievement and for their financial and other operations;
 - (3) charter schools can be vehicles both for improving student achievement for students who attend the schools and for stimulating change and improvement in all public schools and benefiting all public school students;
 - (4) charter schools are laboratories of reform and serve as models of how to educate children as effectively as possible;
 - (5) students in charter schools nationwide have demographic characteristics that are similar to the demographic characteristics of students in all public schools;
 - (6) charter schools in many States serve significant numbers of students from lower income families, students of color, and students with disabilities;

- 1 (7) charter schools have enjoyed broad bipar-2 tisan support from the executive branch, Congress, 3 State Governors and legislatures, educators, and 4 parents across the Nation;
 - (8) 36 States, the District of Columbia, and the Commonwealth of Puerto Rico have passed laws authorizing charter schools;
 - (9) 32 States, the District of Columbia, and the Commonwealth of Puerto Rico had operating charter schools in the 1999–2000 school year;
 - (10) the Charter School Expansion Act of 1998 (Public Law 105–278; 112 Stat. 2682) amended part C of title X of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8061 et seq.), which authorizes the Federal grant program for charter schools, to strengthen accountability provisions at the Federal, State, and local levels to ensure that public charter schools are of high quality and are truly accountable to the public;
 - (11) 7 of 10 charter schools report having a waiting list;
 - (12) a survey of charter school developers, issued as part of a Department of Education report entitled "A National Study of Charter Schools:

 Third Year Report", found that a lack of startup

1	funds was the most frequently cited barrier to devel-
2	oping and implementing charter schools, and was
3	cited by more than half of the charter school devel-
4	opers surveyed;
5	(13) according to a September 2000 General
6	Accounting Office study—
7	(A) charter schools do not have access to
8	the most common source of facility financing
9	which is municipal bonds;
10	(B) charter schools are frequently not part
11	of a school district and generally have no au-
12	thority to raise taxes or issue tax-exempt bonds
13	(C) charter schools that are part of school
14	districts might not share in State or local
15	school construction funds because the charter
16	schools must compete with other public schools
17	that have their own construction or renovation
18	needs;
19	(D) charter schools that are part of school
20	districts frequently receive less than the average
21	amount allocated for the schools in their dis-
22	tricts for operating expenses;
23	(E) few State charter laws address facility
24	financing, or provide funding for constructing

1	renovating, or leasing buildings, for use by
2	charter schools;
3	(F) loans are not easily accessible or fre-
4	quently available to charter schools for facility
5	financing because the charter schools lack long
6	credit histories and have short-term charters
7	that can be terminated by their sponsors; and
8	(G) few charter schools have been success-
9	ful in obtaining a facility from a private donor,
10	and surplus buildings that can be made avail-
11	able by school districts free or at reduced rent
12	either need expensive renovations or simply do
13	not exist; and
14	(14) the Federal Government should—
15	(A) help to encourage the growth of char-
16	ter schools, particularly in disadvantaged com-
17	munities, by helping charter school developers
18	to access credit markets at reasonable rates of
19	interest; and
20	(B) encourage the States to provide facili-
21	ties funding, on a per-pupil basis, to charter
22	schools, in addition to the per-pupil funding the
23	States provide for operating expenses, on a per-

pupil basis.

1 SEC. 203. PURPOSES.

2	The purposes of this title are—
3	(1) to help eliminate the barriers that prevent
4	public charter school developers from accessing the
5	credit markets, by encouraging lending institutions
6	to lend funds to public charter schools on terms
7	more similar to the terms typically extended to tra-
8	ditional public schools; and
9	(2) to encourage the States to provide support
10	to public charter schools for facilities financing in an
11	amount commensurate to the amount the States
12	have typically provided for traditional public schools.
13	SEC. 204. LOAN GUARANTEES.
14	Title X of the Elementary and Secondary Education
15	Act of 1965 (20 U.S.C. 10101 et seq.), as amended by
16	section 104, is further amended by adding at the end the
17	following:
18	"PART M—PUBLIC CHARTER SCHOOL LOAN
19	GUARANTEES
20	"SEC. 10996A. DEFINITIONS.
21	"In this part:
22	"(1) Public Charter School.—The term
23	'public charter school' means an institution defined
24	as a public charter school by the State in which the
25	institution is located.

- 1 "(2) STARTUP COSTS.—The term 'startup
- 2 costs', used with respect to a public charter school,
- means the costs of securing facilities, training teach-
- 4 ers, and purchasing equipment, including instruc-
- 5 tional materials and computers, for the school.

6 "SEC. 10996B. LOAN GUARANTEES.

- 7 "The Secretary shall carry out a program through
- 8 which the Secretary provides loan guarantees to lending
- 9 institutions on behalf of eligible public charter schools to
- 10 guarantee payment of loans made by the lending institu-
- 11 tions for the startup costs, including the costs of capital
- 12 projects, of the schools.

13 "SEC. 10996C. USE OF FUNDS.

- "In providing a loan guarantee under this part, the
- 15 Secretary shall guarantee to the lending institution pay-
- 16 ment of 90 percent of the principal and interest on a loan
- 17 described in section 10996B.

18 "SEC. 10996D. APPLICATIONS.

- 19 "(a) IN GENERAL.—To be eligible to have a loan
- 20 guaranteed under this part, a public charter school shall
- 21 submit an application to the Secretary at such time, in
- 22 such manner, and containing such information as the Sec-
- 23 retary may require.
- 24 "(b) Contents.—The application shall contain—

- 1 "(1) a certification that the school is a public 2 charter school; 3 "(2) a certification that the school does not 4 have access to funding for the startup costs of the 5 project involved through the financing methods 6 available to other public schools in the jurisdiction 7 involved: 8 "(3) an assurance that the school will be unable 9 to obtain financing for the project at a reasonably 10 affordable rate of interest unless the school obtains 11 a loan guarantee under the program carried out under this part; and 12 13 "(4) a business plan for the school that includes 14 reasonable assurances that the school will repay the 15 loan for which the guarantee will be made.
- 16 "SEC. 10996E. PRIORITIES.
- 17 "In providing loan guarantees on behalf of public
- 18 charter schools under this part, the Secretary shall give
- 19 priority to public charter schools in States that meet the
- 20 criteria described in paragraph (2), and subparagraphs
- 21 (A), (B), and (C) of paragraph (3), of section 10302(e).
- 22 "SEC. 10996F. EVALUATIONS, TECHNICAL ASSISTANCE, AND
- 23 **DISSEMINATION.**
- "(a) IN GENERAL.—From the amount made avail-
- 25 able to carry out this part for any fiscal year, the Sec-

1	retary may reserve not more than 5 percent to carry out
2	evaluations, to provide technical assistance, and to dis-
3	seminate information.
4	"(b) Evaluations.—In carrying out evaluations
5	under subsection (a), the Secretary may use the amount
6	reserved under subsection (a) to carry out 1 or more eval-
7	uations of the program carried out the Secretary under
8	this part, which shall, at a minimum, address—
9	"(1) how, and the extent to which, the program
10	promotes educational equity and excellence; and
11	"(2) the extent to which public charter schools
12	supported through the program are—
13	"(A) held accountable to the public;
14	"(B) effective in improving public edu-
15	cation; and
16	"(C) open and accessible to all students.
17	"SEC. 10996G. AUTHORIZATION OF APPROPRIATIONS.
18	"There is authorized to be appropriated to carry out
19	this part \$400,000,000 for fiscal year 2002 and each sub-
20	sequent fiscal year.".
21	SEC. 205. INCOME EXCLUSION FOR INTEREST PAID ON
22	LOANS BY PUBLIC CHARTER SCHOOLS.
23	(a) In General.—Part III of subchapter B of chap-

24 ter 1 of the Internal Revenue Code of 1986 (relating to

25 items specifically excluded from gross income) is amended

- 1 by redesignating section 139 and section 140 and by in-
- 2 serting after section 138 the following new section:
- 3 "SEC. 139. INTEREST ON PUBLIC CHARTER SCHOOL LOANS.
- 4 "(a) Exclusion.—Gross income does not include in-
- 5 terest on any public charter school loan.
- 6 "(b) Public Charter School Loan.—For pur-
- 7 poses of this section:
- 8 "(1) IN GENERAL.—The term 'public charter
- 9 school loan' means any indebtedness incurred by a
- 10 public charter school.
- 11 "(2) Public Charter School.—The term
- 12 'public charter school' means an institution defined
- as a public charter school by the State in which the
- institution is located.".
- 15 (b) Conforming Amendment.—The table of sec-
- 16 tions for such part III is amended by striking the item
- 17 relating to section 139 and inserting the following:

- 18 (c) Effective Date.—The amendments made by
- 19 this section shall apply to taxable years beginning after
- 20 December 31, 2000, with respect to indebtedness incurred
- 21 after the date of the enactment of this Act.

[&]quot;Sec. 139. Interest on public charter school loans.

[&]quot;Sec. 140. Cross references to other Acts.".

1	SEC. 206. GRANTS FOR PUBLIC CHARTER SCHOOL FACILI-
2	TIES.
3	Title X of the Elementary and Secondary Education
4	Act of 1965 (20 U.S.C. 10101 et seq.), as amended by
5	section 204, is further amended by adding at the end the
6	following:
7	"PART N—GRANTS FOR PUBLIC CHARTER
8	SCHOOL FACILITIES
9	"SEC. 10997A. DEFINITION.
10	"In this part,
11	"SEC. 10997B. GRANTS.
12	"(a) In General.—The Secretary shall make
13	grants, on a competitive basis, to States to pay for the
14	Federal share of the cost of establishing or enhancing, and
15	administering, programs in which the States make pay-
16	ments, on a per-pupil basis, to public charter schools to
17	assist the schools in financing school facilities.
18	"(b) Period.—The Secretary shall award grants
19	under this section for periods of 5 years.
20	"(c) Federal Share.—The Federal share of the
21	cost described in subsection (a) for a program shall be
22	not more than—
23	"(1) 90 percent of the cost, for the first fiscal
24	year for which the program receives assistance under
25	this part or its predecessor authority;
26	"(2) 80 percent in the second such year;

- 1 "(3) 60 percent in the third such year;
- 2 "(4) 40 percent in the fourth such year; and
- 3 "(5) 20 percent in the fifth such year.

4 "SEC. 10997C. USE OF FUNDS.

- 5 "(a) IN GENERAL.—A State that receives a grant
- 6 under this part shall use the funds made available through
- 7 the grant to establish or enhance, and administer, a facili-
- 8 ties financing program for public charter schools in the
- 9 State.
- 10 "(b) Evaluations; Technical Assistance; Dis-
- 11 SEMINATION.—From the amount made available to a
- 12 State through a grant under this part for a fiscal year,
- 13 the State may reserve not more than 5 percent of the
- 14 amount to carry out evaluations, to provide technical as-
- 15 sistance, and to disseminate information.
- 16 "(c) Supplement, Not Supplant.—Funds made
- 17 available under this part shall supplement, and not sup-
- 18 plant, State and local public funds expended to provide
- 19 facilities financing programs, or operations financing pro-
- 20 grams, for public charter schools.
- 21 "SEC. 10997D. REQUIREMENTS.
- 22 "(a) VOLUNTARY PARTICIPATION.—No State may be
- 23 required to participate in a program carried out under this
- 24 part.

- 1 "(b) State Law.—To be eligible to receive a grant
- 2 under this part, a State shall establish or enhance, and
- 3 administer, a facilities financing program for public char-
- 4 ter schools in the State, that—
- 5 "(1) is specified in State law;
- 6 "(2) provides equitable annual financing, on a
- 7 per-pupil basis, for public charter school facilities;
- 8 and
- 9 "(3) provides financing that is dedicated solely
- for funding the facilities.
- 11 "SEC. 10997E. APPLICATIONS.
- "To be eligible to receive a grant under this part, a
- 13 State shall submit an application to the Secretary at such
- 14 time, in such manner, and containing such information as
- 15 the Secretary may require.
- 16 "SEC. 10997F. PRIORITIES.
- 17 "In making grants under this part, the Secretary
- 18 shall give priority to States that meet the criteria de-
- 19 scribed in paragraph (2), and subparagraphs (A), (B), and
- 20 (C) of paragraph (3), of section 10302(e).
- 21 "SEC. 10997G. EVALUATIONS, TECHNICAL ASSISTANCE, AND
- 22 **DISSEMINATION.**
- "(a) In General.—From the amount made avail-
- 24 able to carry out this part for any fiscal year, the Sec-
- 25 retary may reserve not more than 5 percent to carry out

1	evaluations, to provide technical assistance, and to dis-
2	seminate information.
3	"(b) Evaluations.—In carrying out evaluations
4	under subsection (a), the Secretary may use the amount
5	reserved under subsection (a) to carry out 1 or more eval-
6	uations of State programs assisted under this part, which
7	shall, at a minimum, address—
8	"(1) how, and the extent to which, the pro-
9	grams promote educational equity and excellence;
10	and
11	"(2) the extent to which public charter schools
12	supported through the programs are—
13	"(A) held accountable to the public;
14	"(B) effective in improving public edu-
15	cation; and
16	"(C) open and accessible to all students.
17	"SEC. 10997H. AUTHORIZATION OF APPROPRIATIONS.
18	"There is authorized to be appropriated to carry out
19	this part \$400,000,000 for fiscal year 2002 and each sub-
20	sequent fiscal year.".

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